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(ANTI)MARKETS

ECONOFICTION ANTI-MARKETS, BRAUDEL, CAPITALISM, DELANDA, DELEUZE/GUATTARI, NEOLIBERALISM, REGULATION, WORLD MARKET

There are many advantages to political decentralization as a structural limitation on government power. Imagine a country the size of the United States, but consisting of only five states. Now imagine the same region containing 500 states. All other things being equal, the second situation is likely to be much more hospitable to freedom than the first. The smaller the political unit, the greater the influence an individual citizen can have in politics, thus decreasing the lobbying advantage that concentrated special interests have over the diffuse general public. Further, as the number of available alternative political jurisdictions increases, the citizen's exit option becomes more powerful. The freedom to leave one state is small comfort if there are only a handful of others nearby to go to; but with many states, the odds of finding a satisfactory destination are much better.

In addition, competition between states can serve as a check on state power, since if any state becomes too oppressive its citizens can vote with their feet. Also, decentralization softens the impact of government mistakes. If a single centralized government decides to implement some ill-conceived plan, everybody has to suffer. But with many states implementing different policies, a bad policy can be escaped, while a good policy can be imitated. (Here too, competition can serve as a discovery process.) – Roderick T. Long, "Virtual Cantons"

As always, Xenogoth's blog is a machine for inducing thoughts and productivity over here on this side of things. Their latest post concerns Rana Dasgupta's recent article for the *Guardian* titled "The Demise of the Nation State", the topic of which (as

the very name indicates) should be well familiar now. "For increasing numbers of people," Dasgupta writes, "our nations and the system of which they are a part now appear unable to offer a plausible, viable future." And yet solutions posed seems to be more of the same: avoid the fragmentation, shore up that which is dissolving, and keep on keepin' on with progressive universalism. Xenogoth writes:

it's universalism which is the problem here and its funneling progressivism into a single, unwavering straight line. Progressivism reveals itself to be political tunnelvision. When you're political system starts to offer you the Kool Aid, progressivism becomes putting it down and heading for the exit. There are surely better paths on the outside.

Contra more radical (and perhaps dangerous) routes to the Outside, Dasgupta's future-oriented politics revolves around three key elements: "global financial regulation", "global flexible democracy", and "new conceptions of citizenship". Xenogoth points out that these are these continue to the drift into neoliberal globalization – and indeed, are these three things not the very idealistic summit of the global regime that has existed since the end of World War II? Empire, the Cathedral, capitalist realism, the Washington Consensus, what have you; it is the unity of *regulated monopolistic competition* in political economy and *liberal democracy* in the order of politics that serve as the twin pincers of the meta-system.

The first element will be met with inherent skepticism. After all, we're told repeatedly that the between the crisis that brought a swift and brutal conclusion to the Fordist-Keynesianism that defined the immediate post-war period (beginning in 1968 and culminating in the Nixon Shock of 1972) and the inauguration of the so-called New Economy of the 1990s, a disastrous path of deregulatory behavior was undertaken, one that undermined the developed world's industrial base, hollowed out civic institutions and the infrastructures of 'modern democracy', and sent us spiraling into cycles of crisis. But is this really the case?

In the United States, it is undeniable that there have been the neutering of regulations *in certain areas* – but this is only remains a part of the story. The cutting here and there – which has become major talking point for both the left and right, as objects of derision and praise, respectively – has served as the mask for a great explosion of regulatory activities. Take John Dawson and John Seater's 2013 paper "Federal Regulation and Aggregate Economic Growth", for instance. Looking at the *Code of Federal Regulation* (CFR), which logs all regulations on the books in the US, Dawson and Seater discovered that its contents multiplied sixfold between 1949 and 2005, going from the (already significant 19,335 pages to a mind-boggling 134,261 pages). This already begins to overturn conventional wisdom on the left that consistent deregulation is the overarching trend in economic development over the last four to six decades – and Dawson and Seater can only pour more gasoline on this fire:

Periods of negative growth are infrequent, and, when they do occur, the absolute value of the growth rate is small. By far, the fastest percentage growth occurred in the early 1950s. High growth also occurred in the 1970s, even though there was extensive deregulation in transportation, telecommunications, and energy. Deregulation in that period was more than offset by increased regulation in other areas, notably pertaining to the environment and occupational safety, as Hopkins (1991) has noted. The Reagan administration of the 1980s promoted deregulation as a national priority, and growth in the number of CFR pages slowed in the early and late 1980s. Nevertheless, total pages decreased in only one year, 1985. The 1990s witnessed the largest reduction in pages of regulation in the history of the CFR, with three consecutive years of decline. This reduction coincides with the Clinton administration's "reinventing government" initiative that sought reduced regulation in general and a reduction in the number of pages in the CFR in particular. (Interestingly, the greatest percentage reduction in the CFR did not occur during either the Reagan or Clinton administrations but rather in the first year of the Kennedy administration, 1961.) There thus are several major segments in regulation's time path, with corresponding breaks in trend (dates are approximate): (1) 1949 to 1960 (fast growth), (2) 1960 to 1972 (slow growth), (3) 1972 to 1981 (fast growth), (4) 1981 to 1985 (slow growth), (5) 1985 to 1993 (fast growth), and (6) 1993 to 2005 (slow growth).

There's a similar lip-service paid to classical political economy and ideological obfuscation going on where "free trade" is concerned. While the right-wing (outside of its populist sector, of course) sounds the trumpets in the name of *laissez-faire* and the nationalist right and the left-of-center viciously denounce it, what goes in the West under the name of free trade is anything but. While agreements like NAFTA, CAFTA, TPP and institutions like the WTO, the IMF, and the like seem to reduce this argument to an absurdity, there is an immense gulf between the sort of free trade advocated by classical political economists like David Ricardo – aaand Karl Marx – and these agreements reached by government negotiators.

Free trade would entail something very simple: the parties in question decide to mutually eliminate barriers, including but not limited to tariffs, to one another's domestic market places. The contemporary agreement like NAFTA or the TPP, by contrast, consists of *thousands upon thousands* of pages of legal qualifications, special protections, and what are called "investor-state dispute settlements". The result is an uneven playing field dominated by entrenched quasi-monopolistic corporations, protected by the state, who have suspended free trade for something profoundly different. Tariffs might have been avoided (until the looming US-China trade war, at least), but *corporate protectionism* reigns supreme.

A counterpoint might that this is precisely what free trade produces: concentration of power in a handful of corporate entities, who bend the legal apparatuses of the state to fix things their favor (such as implementing protectionist policies that further enforce their hegemony). It's a good story, and one that makes clear who would be the bad guys and the bad systems (corporations! free trade!), and easy solutions (tightening the grip in advance on the exchange circuits before we get to this disastrous state of affairs). Unfortunately – or maybe not so unfortunately – it isn't true, and one of the reasons has to do with the ubiquity of regulatory behavior. But more on that in a moment.

Perhaps the best way to look at the global system that is now in crisis is by returning to Deleuze and Guattari's analysis of shifting modes of social organization around the mechanisms of *warding off* the forces that would undo them. The despotic state was dependent on coding and territorialization of flows in a particular way; it had to, at all costs, ward off the progressive decoding and deterritorializing of flows – and to do this, it had to prevent the arrival of capital, that alien mutagen that draws power from annihilating the very limits and barriers that a socius needs to maintain organization. Hence the sheer apocalypticism of capital and the dread it instills – but the despotic state does not disappear in its dark arrival. It undergoes a transformation into the capitalist state, a unit of “anti-production” that is subordinated to the flux of capitalist deterritorialization.

The capitalist state finds itself in a paradoxical situation: it is founded atop capital's flows, but it still must ward off their ultimate – and inevitable – trajectory, that is, the *acceleration* into absolute deterritorialization. Maybe it is across this tension wire that we must place something like the free trade agreement, or even the rates of regulation growth and occasional deregulation. Read this way, the free trade agreement would be series of measures taken to channel flows, to situate institutional entities and political blocs atop the slipstream of global marketization, without falling into them – which would bring the order to its very demise.

Is this not precisely an incredible compensatory mechanism, at one time aimed at global installation? *Is this not a more accurate picture of what is splitting apart than most progressivist ideologues argue?* And, by extension, does this not mean that the progressivist solution is ultimately to turn back the clock and complete the global installation?

Braudel's famous argument, implicit in *Capitalism and Schizophrenia* (this is the topic of a current in-progress work) and operationalized in full by Manuel Delanda, is that the market and capitalism must be made distinct from one another, and that capitalism must be thought as something *oppositional* to the market: an *anti-market*. The market – or *micro-capitalism* – is the realm of “economic life”; it is full of highly visible activities, the interchanges of commerce happening at rapid speeds, and variables profit rates attached to quickly shifting registers of price. “The market spells liberation, openness, access to another world”. Capitalism, by contrast, is defined large-scale centralization, bureaucracy, oligopoly, and decreased mobility in the price regime. Markets link themselves together in networks of “horizontal communication” between smaller firms and actors bound up in competitive behavior. Anti-markets are based around monopoly, and thus ward off the specter of competition.

We could say that, shifting into Deleuze and Guattari's framework, the market/micro-capitalism corresponds the schizophrenizing, deterritorializing edge where capital rushes towards its ultimate limits, while the anti-market/capitalism side of the economic meshwork aligns with reterritorialization. Indeed, the capitalist state, identified by Deleuze and Guattari as composing a Katechonic mechanism for reterritorializing capital in order to avoid the *end of things*, is similarly found by Braudel as guarantor and protector of monopolistic entities. In the void of strong states, warding off occurs less and less, and the market emerges a norm; in the presence of them, it is capitalism that is business as usual.

I definitely hope to draw this argument out more in soon-to-be finished Vast Abrupt essay on *SchizoMarketization* and economic eschatology; in the meantime, however, I'd like to do something different and put forth the exceedingly questionable suggestion that the two of the ideological poles of economic governance in the US – Jeffersonianism and Hamiltonianism – can be roughly mapped to this schema of markets and antimarkets, in both their unity and opposition.

The Jeffersonian ideal moved power in a decentralizing direction, towards smaller and smaller, more localized levels; it opposed aristocracy and remained suspicious of mercantile, industrial and financial interests. The *yeoman*, an archetypal figure for small-scale, non-slaving owning farmers running the gamut from subsistence farmers to medium-range commercial entities, was the focal point of Jeffersonianism – making it a kind of populism that foreshadows many of the characteristics of certain libertarian factions in existence today.

Jeffersonianism seems to capture the ideological screen erected by the Washington establishment, but the order of business falls more under the purview of Hamiltonianism, with its emphasis on centralization of power, the supremacy of the Federal level above the local, and the creation of powerful and wealthy industrial and financial classes. The tenets of the “American School of Economics” (also known as the ‘National System’), developed in point-by-point opposition to those of classical liberalism, epitomize the Hamiltonian perspective. To quote from the wiki page, the three primary principles were:

1. Protecting industry through selective high tariffs (1861 – 1932) and through subsidies (especially 1932-1970).
2. Government investments in infrastructure creating targeted internal improvements (especially in transportation).
3. A national bank with policies that promote the growth of productive enterprises rather than speculation.

If we're to talk of the groundwork for the globalizing regime that is organized around transnational corporate protectionism, regulatory behavior, and liberal democracy, it is paramount not to mistake the Hamiltonian platform for free trade – especially given that the beginning of the globalization of this model corresponds with the arrival of US hegemony in the wake of the Second World War. It is an apparatus for producing monopolies – the dynamic generator of anti-market systems.

In 1888, well into the Hamiltonian era, Benjamin Tucker advocated what he described as an “unterrified Jeffersonianism” – a radical *free market socialism* that served as the “the logical carrying out of the Manchester doctrine; *laissez faire* the universal

rule". Blocking the path to this world were the *four monopolies*: "the money monopoly, the land monopoly, the tariff monopoly, and the patent monopoly." The money monopoly is the state's exclusive right to establish and produce a medium for circulation, which effectively cut-off the ability for competition between currencies to take place, and allotted greater power to banks and other lending institutions. The land monopoly, meanwhile, is "the enforcement by government of land titles which do not rest upon personal occupancy and cultivation", while the tariff monopoly needs little mention. The patent monopoly – which, up until recently, was the far more pressing obstruction to international free trade than tariffs – is the domination of ideas under the rubric of intellectual property laws.

To these Kevin Carson adds a fifth: the transportation monopoly, in which roads and other infrastructures are designed and paid for by the state. In both the land monopoly and the transportation monopoly, costs are externalized onto the taxpayer, either in the form of law enforcement or public works. While collective pooling of resources for a common goal is one thing, in the context of the monopoly system this means that businesses are automatically exempt from certain costs. Wal-Mart, for example, has its distribution infrastructure already established by the transportation system. Or, in another case, a landowner who must bear the costs of protecting ownership is going to *own considerably less land* due to that price tag.

For Tucker, examples such as these – and many others – point to how elimination of the monopolies would proceed from the elimination of the state that made them possible in the first place, and that their removal would clear the way for real competition to occur, the Braudelian market rising up to fill the void. With more competition comes lower costs, and without heavy regulatory burden the barriers to entry implode – which adds to more competition, and lower costs still. The effect would be less distance between market price and what the classical political economists called the "natural price" – the costs inputs that were expended in advance in order to initially bring something to the market.

Carson suggests an even radical transformation: the implosion of homogeneity in socio-cultural formation and politico-economic governance, and the rapid multiplication of other ways of life. Speaking from the left-libertarian perspective, he writes in *The Homebrew Industrial Revolution* that

...it's extremely unlikely in my opinion that the collapse of centralized state and corporate power will be driven by, or that the post-corporate state society that replaces it will be organized according to, any single libertarian ideology... although the kinds of communal institutions, mutual aid networks and primary social units into which people coalesce may strike the typical right-wing flavor of free market libertarian as "authoritarian" or "collectivist," a society in which such institutions are the dominant form of organization is by no means necessarily a violation of the substantive values of self-ownership and nonaggression... it seems to me that the libertarian concepts of self-ownership and nonaggression are entirely consistent with a wide variety of voluntary social frameworks, while at the same time the practical application of those concepts would vary widely.

To exit from the globalist anti-market is to be propelled towards the strangeness of patchwork.

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